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Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Revised estimates: effect of changes in rates of exchange and inflation

Report of the Secretary-General*

Summary

A preliminary recosting is reflected in the budget proposals for the biennium 2006-2007 for both the International Criminal Tribunal for Rwanda (A/60/265) and the International Tribunal for the Former Yugoslavia (A/60/264).

In order to update the costing parameters, the proposed budgets are recosted prior to their adoption by the General Assembly. The present report provides the latest data on actual inflation experience, the outcome of salary surveys, the movement of post adjustment indices in 2005, the effect of the evolution of operational rates of exchange in 2005 and the adjustment in staff assessment rates on the proposed budgets for the Tribunals for 2006-2007.

* The present report is being issued at the present time to best reflect data availability.

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After recosting, the resource requirements for the biennium 2006-2007 as proposed by the Secretary-General would amount to $269,758,400 for the International Criminal Tribunal for Rwanda and $305,137,300 for the International Tribunal for the Former Yugoslavia.

1. To provide a comparable basis on which to analyse increases and decreases from one biennium to another, the proposed budgets for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia are normally presented at the same price levels and rates of exchange as are used in the current budgets. At the same time, the proposed budgets contain provisions for anticipated increases due to inflation and adjustments due to changes in the rates of exchange. These are isolated and presented separately in the column entitled "recosting" in the proposed budgets. The budgets are subsequently recosted three times in the biennial cycle, as follows:

(a) The first is contained in the present report, which is submitted to the General Assembly for the purpose of updating the resource requirements in the proposed budget before an initial appropriation is approved;

(b) The second will be reflected in the revised estimates included in the first performance report on the budget, submitted by the Secretary-General at the end of the first year of the biennium in connection with the approval of a revised appropriation;

(c) The third will be included in the second performance report, submitted at the end of the second year of the biennium, in connection with the approval of the final appropriation.

2. As indicated in the proposed budgets for the biennium 2006-2007 for the International Criminal Tribunal for Rwanda (A/60/265, para. 14) and the International Tribunal for the Former Yugoslavia (A/60/264, para. 21), the proposed budgets are recosted to take into account changes in operational rates of exchange, actual inflation experience, the outcome of salary surveys and the movement of post adjustment indices. Bearing in mind the view of the Advisory Committee on Administrative and Budgetary Questions that the Administration should use such operational rates of exchange in recosting exercises as would allow for the lowest estimates, the recosting in the present report is based on the data available as at December 2005.

3. A summary of the results of the recosting based on the parameters described in the present report is provided in the table below.

Summary of recosting of the proposed budgets for the biennium 2006-2007

(Thousands of United States dollars)

Proposed programme budget (1)	*Adjustments recommended by Advisory Committee* (2)	*Proposed programme budget plus Advisory Committee adjustments* (3) = (1 + 2)	*Recosting*				
			Exchange rate (4)	*Inflation* (5)	*Adjustment of staff assessment*[a] (6)	*Total* (7) = (4 + 5 + 6)	*Estimated appropriation* (8) = (3 + 7)
International Criminal Tribunal for Rwanda							
284 273.2	—	284 273.2	(13 633.7)	1 545.7	(2 426.8)	(14 514.8)	269 758.4
International Tribunal for the Former Yugoslavia							
320 842.9	—	320 842.9	(10 746.5)	(1 386.3)	(3 572.8)	(15 705.6)	305 137.3

[a] Reflects the consolidation of multiplier points effective 1 January 2006 and the reduction in staff assessment rates as set out in paragraphs 191 and 193 of the report of the International Civil Service Commission.[1]

4. The proposed revised recosting factors to be applied for the first recosting in the biennial cycle compared with the assumptions applied in the preliminary recosting included in the proposed budgets for the biennium 2006-2007 for the two Tribunals are set out in the following schedules:

Schedule I. Rates of exchange relative to the United States dollar and annual rates of inflation by main duty station included in the proposed budgets of the Tribunals and in the present report

Schedule II. Post adjustment multipliers by main duty station

Schedule III. Annual cost-of-living adjustments by main duty station (General Service)

5. The estimated decreased requirements of $13.6 million for the International Criminal Tribunal for Rwanda and $10.7 million for the International Tribunal for the Former Yugoslavia in respect of exchange rate fluctuations reflect the recent strengthening of the United States dollar after a period of weakening against the Tanzanian shilling and the euro respectively. In the present recosting, the latest United Nations operational rates of exchange (those in effect as at December 2005) have been used as the basis for recosting for Arusha and The Hague. The averaging method has been used for Kigali given that the average actual rates from January to December 2005 yield the lowest estimates. The net reduced requirements of $13.6 million for the International Criminal Tribunal for Rwanda relate to exchange rate fluctuations in respect of the Tanzanian shilling ($14.7 million), partially offset by additional requirements in respect of the Rwandan franc ($1.1 million).

6. With respect to inflation, consideration is given, as necessary, to a series of factors, including analysis of the movement of the consumer price index at the different duty stations for goods and services and probable increases in the salaries of General Service staff as a result of the movement of consumer price indices and the outcome of comprehensive salary surveys. In the case of the salaries of Professional staff, while base salaries are not affected by exchange rates, as they are denominated in United States dollars, the post adjustment component moves in response to changes in both the cost of living and exchange rates. Accordingly, the changes resulting from inflation comprise three elements, namely, post adjustment movements for Professional staff, salary adjustments for General Service staff and adjustments to non-post estimates. With regard to Professional staff costs, necessary adjustments are triggered by movements in post adjustment multipliers approved by the International Civil Service Commission. As for General Service salary and non-post requirements, changes are attributable to cost-of-living adjustments and movements in rates of inflation respectively relative to those originally estimated. It should be noted in this regard that realized levels of inflation in 2005 directly affect price and salary levels for the forthcoming biennium, so higher-than-anticipated 2005 increases add to the requirements for 2006-2007.

7. For the International Criminal Tribunal for Rwanda, the estimated additional requirements of $1,545,700 for inflation reflect costs arising in respect of Professional salaries ($1,302,700), General Service salaries ($712,900) and staff assessment ($411,900), partially offset by reduced estimates in non-post objects of expenditure ($881,800). For the International Tribunal for the Former Yugoslavia, the estimated reduced requirements of $1,386,300 for inflation relate to General Service salaries ($2,268,500), staff assessment ($334,700) and non-post objects of

expenditure ($76,600), partially offset by increased requirements for Professional salaries ($1,293,500).

8. The staff assessment decrease, as shown in column 5 of the table above, is explained by the reduction in staff assessment rates by 20 per cent, as proposed in the report of the International Civil Service Commission for the year 2005[1] effective 1 January 2006.

9. **In summary, after recosting, the resource requirements for the biennium 2006-2007 as proposed by the Secretary-General would amount to $269,758,400 for the International Criminal Tribunal for Rwanda and $305,137,300 for the International Tribunal for the Former Yugoslavia.**

Notes

[1] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* (A/60/30).

Schedule I
Rates of exchange relative to the United States dollar and annual rates of inflation by duty station included in the proposed budgets of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia and in the present report

	Rates of exchange 2006-2007		*Rates of inflation applicable to non-post objects of expenditure*					
			Proposed programme budget		*Present report*			
Duty station (currency)	*Proposed programme budget*	*Present report*[a]	*2005*[b]	*2006-2007*[c]	*2004*[d]	*2005*[b]	*2006*[c]	*2007*[c]
The Hague (euro)	0.82	0.85	1.5	1.5	1.2	1.6	1.5	1.5
Kigali (Rwanda franc)	575.92	558.00	7.0	6.0	9.5	9.0	6.0	6.0
Arusha (Tanzanian shilling)	1 094.38	1 186.00	4.4	4.0	5.4	4.0	4.0	3.5
New York (United States dollar)	1.00	1.00	2.5	2.8	2.7	3.2	3.5	2.8

[a] Based on December 2005 rate of exchange. The 2005 average actual rate was used for Kigali.
[b] Revised 2004-2005 appropriation.
[c] Projected.
[d] Final 2004-2005 estimates.

Schedule II
Post adjustment multipliers by main duty station

	Programme budget			*Present report*			
Duty station	*2005*[a]	*2006*	*2007*	*2004*[b]	*2005*[b]	*2006*	*2007*
The Hague	45.0	43.3	45.3	45.4	46.3	36.8	38.1
Kigali	36.7	40.4	44.6	30.8	35.4	33.1	35.8
Arusha	35.3	40.0	43.0	30.8	35.9	31.6	33.2
New York	57.8	64.5	67.8	56.2	59.7	60.7	63.5

[a] Revised 2004-2005 appropriation.
[b] Final 2004-2005 estimates.

Schedule III
Annual cost-of-living adjustments by main duty station (General Service)

(Percentage)

	Proposed programme budget		*Present report*		
Duty station	*2005*[a]	*2006-2007*[b]	*2005*[c]	*2006*[b]	*2007*[b]
The Hague	2.4	2.4	1.7	1.5	1.5
Kigali	7.0	7.0	7.0	6.0	6.0
Arusha	4.4	4.4	4.4	4.0	3.5
New York	2.8	2.8	2.8	3.5	2.8

[a] Revised 2004-2005 appropriation.
[b] Projected.
[c] Actual.